Cox Asked to Probe Soviet Grain Deal

WPost

By Peter Braestrup
Washington Post Staff Writer

Rep. John Melcher (D-Mont.), a member of the House Agriculture Committee, yesterday called on special Watergate prosecutor Archibald Cox to investigate the controversial 1972 grain deal, involving the export of more than 25 per cent of the U.S. wheat crop.

"There is a serious question of fraudulent misrepresentation [by the Nixon administration] of the Russian grain sales to reap a harvest of export subsidies [for U.S. traders] at the expense of American farmers and taxpayers which must be fully explored," Melcher said.

Melcher set out his charges after testimony on Capitol Hill Friday by major grain exporters that they had informed top Agriculture Department officials early in July, 1972, that the Soviet Union was buying record quantities of wheat and other feed grains.

As Melcher noted, Bernard Steinweg, senior vice president of Continental Grain Co., testified before a Senate investigating subcommittee that he met with Carrol Brunthaver, Agriculture's assistant secretary for international affairs, on July 3, 1972, to report Soviet efforts to buy 4 million tons of wheat—roughly 10 per cent of the U.S. crop. It is the largest such deal on record.

Steinwig said he sought—and got—assurances that U.S. export subsidies would be forthcoming despite the size of the sale.

In affidavits, three other large sellers of grain to the Soviet Union told the Senate subcommittee, headed by Henry M. Jackson (D-Wash.) of similar conversations with USDA officials.

The grain deal involved more than 8 million tons of wheat (plus other grains) in exports to the Soviet Union, driving up domestic wheat prices and costing $300 million in federal export subsidies.

Steinweg's testimony and the affidavits represent the first major contradiction of statements since last summer by Brunthaver, Agriculture Secretary Earl Butz and other Nixon administration officials that the huge volume of Soviet purchases took them by surprise. Brunthaver is due to testify before the Jackson committee Monday.